

Kentucky Craft Market Program

Product Development Program

November 2000

For twenty years, Kentucky Crafted: The Market has provided access to wholesale orders from hundreds of shops across the state, from Kentucky state parks and from shops and galleries in virtually every state in the country. Approximately 450 shops that place nearly \$2 million in orders attend the Market annually. Over the years, Kentucky Crafted Products have been featured in many of the nation's top department stores, major catalogs, and hundreds of galleries and shops, large and small. Several international retailers, as well as QVC, have attended the Market. For the last four years, Kentucky Craft Marketing Program (KCMP) has hosted top buyers to Kentucky Crafted: The Market as part of the Fly the Buyer promotion. These shops have included buyer's from Niche Magazine top 100 craft retailers and other exhibitor suggestions. Some of these shops have gone on to sponsor Kentucky Crafted promotions in their stores (Craft Company No. 6, Rochester NY and American Craftsmen, NYC).

KCMP will continue to develop the craft industry in Kentucky through a Product Development Program to begin in 2001. Several newly funded craft projects, such as the Kentucky Appalachian Artisan Center, Hindman, and the Gateway Artisan Center, Berea, have give impetus to this initiative. The Gateway Artisan Center, scheduled to open in 2002, will be showcasing and selling quality Kentucky products that may be identified through the activities of product development, such as the Kentucky Collection Product Development Program.

As planning began, KCMP conducted market research to determine whether the market in Kentucky for Kentucky crafts could be expanded and to identify the factors that would contribute to a successful marketing effort. This July 2000 study confirmed that there is interest on the part of Kentucky's retailers in having more Kentucky made crafts if the price, quality and delivery compare to out of state sources.

Recognizing that there are interlocking factors in expanding the craft market, there will be four components to the Product Development Program:

- ◆ Further research
- ◆ Product development
- ◆ Kentucky Collection
- ◆ Retailers Program

Further research

Over the next year, further research is needed to determine:

- ❖ Craftspeople's production capacity and technical assistance needs
- ❖ Items that could be included in the Collection but have not been viewed as a craft because of their manufacturing processes
- ❖ State government guidelines and restrictions

❖ Kentucky regional craft traditions

A feasibility study will be conducted on business operations models and where the warehousing and shipping facility would best be housed – a non-profit, KCMP, or a for-profit Kentucky business.

Product development

A product development pilot project will provide a case study through the development of 5 products for a representative retailer. The development of these products will be supported by KCMP through technical assistance, small grants and purchase orders. The goals of this pilot are to develop a small group of products and to learn the most effective ways to connect retailers and craft producers so that marketable products are continually developed.

This pilot will help KCMP develop a product development mechanism that will be a facilitated conversation between retailers and craftspeople. The retailers will have guidelines for the information they will need to present with their product requests. Craftspeople will have access to these requests via the Internet and other communications. Within guidelines to be developed, they will also have access to KCMP's technical support and mini-grants for product development. This mechanism will provide a steady stream of new products for the Kentucky Collection.

Legislative funding for the Product Development Initiative has provided an additional CMP staff person who currently responds to these requests and refers them to the appropriate craft businesses on an as needed basis. These businesses currently respond to these requests utilizing their own resources. Once the pilot is completed and the mechanism is in place, it will be promoted to retailers and craftspeople so that the development of specialty products for retailers around the state can be more fully supported on a wider scale. The recent development of the statewide cultural heritage tourism plan will expand tourists' interest in these products. The Gateway Artisan Center, Berea, will serve to direct tourists to these outlets throughout the state. The availability of a consistent line of quality products that can be access at the Gateway Artisan Center and at locations throughout the state is very much in keeping with the cultural heritage tourism plan.

In the survey conducted in July 2000 retailers indicated that Kentucky made crafts could fill a much higher percentage of goods sold in the Garden/Outdoor, Christmas/Seasonal and Home/Decorative categories. Another opportunity for expansion of the craft industry is mementos. We are defining mementos as products that signify Kentucky in some recognizable way, are high quality and sell at \$15 or less. Over 60% of retailers said they would like to purchase mementos from Kentucky producers if they could be produced at a competitive price.

Through this Product Development Program KCMP also plans to develop specialized collections based on historic or cultural themes in Kentucky. For example, KCMP could work with the state park gift stores to develop a Collection specifically for several park

stores. This collection would include a greater number of souvenir-priced items and items unique to each park or region.

So that products can be developed collaboratively, partnerships will be strengthened with Kentucky visual arts, performing arts, publishers, the Kentucky Food and Agriculture Departments and Kentucky Wood Products Competitiveness Corporation.

Kentucky Collection

The pilot Kentucky Collection will include about 30 items from 10 –12 producers that are best-selling items; have packaging and display information available and can be produced in quantity. These items will be displayed in a flexible unit with changing signage. KCMP will assist retail locations in installing the display and will train store staff in selling these crafts. A mix of retail locations including state park gift stores, hospital gift stores, airport gift stores and hotel gift stores will be selected. These locations will be high traffic stores that either sell little or no Kentucky crafts now or have limited display space and would benefit from a compact Kentucky product display. The goals of this pilot are to demonstrate that Kentucky crafts can be sold profitably at many locations and to develop the logistics, the merchandising, the marketing and the distribution for the Collection.

After successfully completing the Kentucky Collection pilot, KCMP can build on its collaborative relationships with over 25,000 buyers and 500 producers to present an evolving Kentucky Collection. This group of products will include a wide range of crafts selling at retail from \$10 to \$100. It will be an evolving collection of items, with early emphasis on developing products in the under \$15 retail price range that will be memento items.

The Collection will feature Christmas and seasonal items so that it looks fresh to frequent visitors. Some retailers might use the Collection to showcase the range of Kentucky crafts and then steer customers to the wider displays of baskets, jewelry or furniture they carry in other areas of their shop.

The Collection will be exhibited in a unique display unit with flexible shelves and lighting. Product tags, signage and a video will support the Collection as a whole. The video will feature producers and the craft traditions they represent. Written material about the artists will also be available to retailers and their customers.

KCMP will promote the Collection at Kentucky Crafted: The Market, the New York International Gift Fair, and through tourist and art and craft publications in Kentucky. Press releases will be distributed that will feature artists and craft traditions that are included in the Collection.

KCMP will arrange for the warehousing and shipment of items in the Collection directly to the retailer. The display unit will be designed for the whole Collection and retailers who have the display unit will have to maintain an inventory of selected products.

KCMP will offer to install the Collection and train store staff in how to sell crafts and restock the unit.

Through contracts with retailers, KCMP will offer the Collection in its entirety for a specified sales season. Retailers commit to maintaining the display unit, selling products at an agreed price point and purchasing additional merchandise as needed. KCMP offers the display unit; training in selling crafts; access to well-priced, quality crafts; in-store sales tools such as a video, posters, tags and logo signs; and participation in an advertising campaign to support the Kentucky Collection.

Retailers' Program

Retailers who already sell a high percentage of Kentucky made crafts may not necessarily find the display unit or the full Collection helpful. They may already display products in more depth in each category. However these retailers would benefit from the advertising program, access to the Collection products and the in-store sales tools. A retailer's program will be developed that will offer stores that already sell predominately Kentucky crafts these benefits. Participation in the program will be based on an annual audit of their Kentucky made craft sales percentages. Benefits for retailers will include advertising and promotional support through ads and articles in statewide and national magazines, store signage and listings in Kentucky visitors' centers.

Timeline

December 2000	❖ Design research and feasibility studies
	❖ Hire Project Director
January 2001	❖ Design logo, product tags and signage
	❖ Solicit products from juried craftspeople
	❖ Begin product development pilot
	❖ Develop selection criteria and guidelines for product development small grants
	❖ Develop media plan and prepare ads and press releases
February 2001	❖ Build partnerships with other state government departments
March 2001	❖ Announce the pilot Collection at Kentucky Crafted: The Market
	❖ Collect and review applications from retailers and producers
April 2001	❖ Develop training program for retail stores
	❖ Develop evaluation forms for Collection pilot
	❖ Distribute press releases and begin ad campaign
May 2001	❖ Complete research and feasibility studies
	❖ Develop retailers program
	❖ Select up to 6 sites for the Collection
June 2001	❖ Set up pilot in up to 6 sites
	❖ Train store staff
July 2001	❖ Begin retailers program promotion
August 2001	❖ Begin production of promotional video
September 2001	❖ Develop criteria for selection of next round of stores
October 2001	❖ Select next 6 sites for Holiday Collection

November 2001	❖ Hire assistant
	❖ Set up selected sites for Holiday season
	❖ Train staff at stores
January 2002	❖ Evaluate product development pilot
	❖ Complete video
February 2002	❖ Introduce the full Collection at Kentucky Crafted: The Market
	❖ Place annual orders with producers
March 2002	❖ Select and develop Christmas products
May 2002	❖ Install display units at additional 12 selected retail sites
June 2002	❖ Meet with Kentucky state park gift store team to determine product development and sales opportunities there
July 2002	❖ Meet with craftspeople to begin product development for specific products for selected park stores
November 2002	❖ Order products for year 2003 Collection
March 2003	❖ Select and develop Christmas products
April 2003	❖ Install display units in selected park stores
November 2003	❖ Develop additional products based on sales history